

Message Text

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71

ACTION NEA-12

INFO OCT-01 ADP-00 EB-11 SCEM-02 INT-08 PM-07 NSC-10 SS-15

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FM AMEMBASSY KUWAIT

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INFO AMEMBASSY ABU DHABI

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USDOC WASHDC

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BEIRUT FOR RTDO. PASS BAGHDAD

E. O. 11652: ADS

TAGS: ENRG KU

SUBJ: GOK GAS STUDY

1. VISITING US BUSINESSMAN BRIEFED EMBOFF ON CONVERSATION HE HAD WITH AHMAD MUTAIR, CHAIRMAN KNPC RE GOK GAS POLICY. MUTAIR TOLD HIM CURRENT STUDY BEING PREPARED BY BECHTEL WILL REVIEW COMPLETE GAS UTILIZATION AND WILL COVER BOTH LPG AND LNG, GAS PRESSURIZATION OF OIL FIELDS AND LOCAL REQUIREMENTS AS WELL AS EXPORT POSSIBILITIES.

2. MUTAIR DOES NOT EXPECT STUDY TO BE COMPLETED UNTIL END 1973. HE CONFIRMED EARLIER REPORTS THAT KNPC WILL BE CHARGED WITH MANAGING LPG FACILITY. WHILE NOT COMPLETELY CLEAR KNPC PRESUMABLY WILL BE RESPONSIBLE FOR BOTH LPG AND LNG SALES. MUTAIR SAID NO RPT NO FOREIGN EQUITY PARTICIPATION WILL BE ALLOWED IN GAS- MANUFACTURING ENTITY, WHICH PROBABLY WILL BE KNPC SUBSIDIARY, BUT HE DID NOT RULE OUT LONG- TERM SALES

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AND/ OR MANAGEMENT CONTRACTS.

3. COMMENT: BASED ON MUTAIR' S REMARKS LOOKS AS THOUGH BECHTEL STUDY WILL BE MOST COMPREHENSIVE REVIEW OF KUWAIT GAS UTILIZATION TO DATE. NOT CLEAR EXTENT TO WHICH BECHTEL STUDY WILL GET INTO POSSIBLE LARGE UNASSOCIATED GAS RESERVES HELD BY KOC. GOK AND KNPC WILL NEED TIME TO DIGEST STUDY SO THAT SEEMS UNLIKELY THAT MAJOR DECISIONS WILL BE MADE UNTIL NEXT YEAR. NEVERTHELESS, INTERESTED US AND FOREIGN CONSTRUCTION AND GAS COMPANIES HAVE ALREADY BEGUN TO APPROACH GOK AND KNPC IN CONNECTION WITH PROPOSED LPG FACILITY AND ON OTHER POSSIBLE GAS PROJECTS.

4. COMMERCE MAY WISH CONSIDER ADVISING AMERICAN CONTRACTORS AND GAS TRANSMISSION COMPANIES OR OTHER MAJOR GAS USERS TO APPROACH GOK/ KNPC AS CONSORTIA WHO CAN OFFER WHOLE RANGE OF SERVICES INCLUDING ASSURED MARKET. WHILE IT TOO EARLY TO PREDICT OVERALL CONCLUSIONS AND RECOMMENDATIONS OF BECHTEL STUDY WE EXPECT IT WILL BE FOLLOWED BY IMPORTANT INITIATIVES BY GOK/ KNPC AND INTERESTED US FIRMS SHOULD BEGIN MAKING MOVES NOW IF THEY HOPE TAKE ADVANTAGE BUSINESS OPPORTUNITIES ARISING FROM THIS SITUATION. DECONTROL JUNE 30, 1974.
STOLTZFUS

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